United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 103d CONGRESS, FIRST SESSION

Vol. 139 WASHINGTON, THURSDAY, JUNE 10, 1993 No. 82

Senate

The Senate met at 9 a.m., and was called to order by the Honorable DIANNE FEINSTEIN, a Senator from the State of California.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

*Beloved, let us love one another: for love is of God * * *.*—I John 4:7.

Eternal God of love and peace, talk of love may seem irrelevant in the heat of political conflict; yet You ordained love as the highest form of social order. Love transcends all other forces—is the most powerful influence in life. Love melts anger. Love dissolves hate. Love destroys enemies by making them friends. Love may lose some battles, but it wins the war. When controversy is most heated, that is the time for love.

Help us to understand that love is more than an emotion to be felt. Love is a decision to be obedient to the supreme law of God. Love is greater than faith and hope. Love is always triumphant.

Mighty God, help us to love one another.

In the name of Him who was Love incarnate. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, June 10, 1993.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DIANNE FEINSTEIN, a Senator from the State of California, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mrs. FEINSTEIN thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m., with Senators permitted to speak therein for not to exceed 5 minutes.

Mr. WALLOP addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming.

Mr. WALLOP. Madam President, is the Senator from Wyoming correct that there were 45 minutes for morning business reserved for him?

The ACTING PRESIDENT pro tempore. The Senator has 45 minutes; that is correct.

Mr. WALLOP. Of that time, I wish to yield 10 minutes to the Senator from Oregon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Oregon is recognized.

Mr. PACKWOOD. I thank the Chair and I thank my good friend from Wyoming.

RECONCILIATION TAX BILL

Mr. PACKWOOD. Madam President, this morning I think those of us involved in the reconciliation measure and especially the tax part of that bill are not at all sure exactly what it is we are going to be focusing on.

The Btu tax is apparently gone. I say "apparently," because I am not sure. From what I have read in the paper and heard about from the Democratic caucus, it is gone, either totally or a fair portion of it. Whether we are facing a gasoline tax or further Medicare cuts or some combination thereof, I am not sure.

So the best thing we can do, in terms of talking about the budget reconciliation proposals before us, is to talk about the bill that was passed by the House.

The House reconciliation bill—and I am going to confine myself very specifically to that package—had in it about $275 billion in tax increases and about a $15 billion increase in user fees.

A user fee is, as the name implies, something that the user pays at the time of receiving the service. A good example would be a national park fee. If you go in the national park, you pay $5. That is a user fee. If you increase it to $10, it is a $10 user fee. We Republicans call those user fees increases in Government revenues. The Government is taking more money from you.

So the House reconciliation bill has $275 billion in tax increases and $15 billion in user fee increases, and that is $290 billion in revenues.

In the same bill is $45 billion in spending cuts. That is a ratio of roughly $6 in tax increases to $1 of spending cuts.

Now, I know there is a promise that there will be more spending cuts later. But in the bill as it passed the House, there is roughly $6 of taxes to $1 of spending cuts.

During the campaign, President Clinton said his budget proposals would have $3 of spending cuts for $1 of taxes. After the election, that narrowed to $2

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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of spending cuts for $1 in taxes. By the time of his budget message, it was $1 for $1. As the bill passed the House, it is $6 of taxes for $1 of spending cuts.

We are now getting ready to act in the Senate on the bill that the House has sent us. We may change it a bit but, frankly, the instructions that the budget resolution has given to the Senate in terms of the goals to meet do not vary very much from the House bill.

So the question is, Now that the Btu energy tax has apparently been dropped, are we talking about simply increasing other taxes or reducing spending or what?

I am delighted that the energy tax is gone. It was a bad idea. It was hard on the elderly. It was hard on farmers. It was hard on hydroelectric users. It was hard on any kind of industry that heavily uses electricity, such as the smelting industry; aluminum, for example.

Let us assume the Btu tax is gone. That is not the only bad thing in the bill. But before getting to the other bad things, I want to read just part of an article by James Reinmuth. He is the dean of the College of Business Administration at the University of Oregon. And I will read only parts of it.

President Clinton proposes tax increases as part of an economic package designed to simultaneously lower the federal deficit while improving economic growth. Evidence suggests that tax increases are ill-advised on both accounts. In fact, the administration's entire recovery program seems to be based on several well-promoted claims that are revealed as myths when exposed to the light of evidence.

No economic theory, not even those of Keynes or Marx, advocates tax increases as an economic stimulus. Higher taxes reduce disposable incomes, lower profits, encourage tax evasion and avoidance while removing incentives for capital investment and risktaking.

They will further reduce, not increase, the amount of revenue available to our federal government at a time when the administration proposes several new federal spending programs.

The Clinton administration's economic program is a well-orchestrated plan that substitutes myth for reality in a highly charged political environment. For political purposes, the administration appears to be tinkering with a delicate economy it doesn't appear to understand.

The danger is that political tinkering and dependence on bogus logic could damage our nation's ability to compete effectively in a global economic environment.

I ask unanimous consent that the dean's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CLINTON'S TAX INCREASES WOULD NOT SPUR RECOVERY

(By James E. Reinmuth)

In a recent report before the Joint Economic Committee of Congress, economist Lawrence A. Kudlow was asked to identify the most pressing problem facing our nation's economy. His quick response was offered with conviction backed by fact: The across-the-board tax increase proposed by the Clinton administration may force into a deep recession a fragile national economy that is already well into recovery.

President Clinton proposed tax increases as part of an economic package designed to simultaneously lower the federal deficit while improving economic growth. Evidence suggests that tax increases are ill-advised on both accounts. In fact, the administration's entire recovery program seems to be based on several well-promoted claims that are revealed as myths when exposed to the light of evidence.

Myth 1: The rich are not paying their fair share.

While this claim was one of the central themes of his campaign, Clinton never defined either rich or fair share. If we classify those in the top 10 percent of income as rich, what portion of our taxes should they pay? Should they pay more than 10 percent? How about 20 percent?

Few would argue that this small portion of our citizens should be responsible for more than half of our tax revenues. Yet, in 1991, the top 10 percent paid 56 percent of all taxes.

That evidence raises doubts about the motives of an administration that demands more from our most-productive citizens.

Myth 2: The Reagan tax cuts were the major contributor to our massive deficit.

From 1980–91, federal tax revenues increased 119.8 percent, almost double the 65.3 percent inflation rate for this 11-year period. When the tax code was simplified and rates were reduced in 1986, tax revenues soared as money was taken out of tax shelters and reinvested in more productive alternatives.

Increasing tax rates will reverse this effect as investors will seek means of sheltering income and deferring their tax obligation. As a result, the Clinton tax proposal will actually have the reverse of its intended effect by increasing the federal deficit.

Myth 3: The big defense buildup during the early years of the Reagan administration is the other major contributor to our deficit.

Using this same 11-year period, defense spending doubled, increasing by 104.1 percent, while non-defense federal spending increased 129.7 percent.

At present, non-defense expenditures are five times larger than those allocated to defense. Proposed reductions by the Clinton administration to our defense budget would reduce total investment in defense to inflation-adjusted levels that are less than those of 1980.

The cause of our deficit is runaway spending of all types by our federal government. If, during the 1980–91 period, federal expenditures were limited by the level of inflation, we would have enjoyed a $170 billion federal *surplus* by the end of 1991.

Myth 4: The proposed Clinton tax plan will not affect the middle class.

This was, of course, his promise during the campaign. In fact, the administration's tax plan digs even deeper than the middle class. Using the president's definition of "family economic income," the administration's figures are inflated by such phantom sources of income as fringe benefits on health insurance and pensions, annual increases in the value of retirement accounts and the "imputed rent" on your own home if you own it.

With this inflated figure, Clinton admits that his plan will affect those with incomes exceeding $30,000. Pulling out the aforementioned phantom income sources, it touches all those earning $20,000 or more.

Myth 5: The Clinton plan will stop excessive executive stock-option plans.

Wrong again. Why do you think that so many corporate executives like Apple Computer's John Scully are supporting Clinton's plan?

One reason is that many think by doing so they will encourage the president to include their industry in a favored group as part of a national industrial policy. Another reason is that it is ordinary income, and not capital gains, that will be taxed at the higher rates under the Clinton administration's plan. Capital gains on stock options and other security investments will continue to be taxed at their current 28 percent rate.

No economic theory, not even those of Keynes or Marx, advocates tax increases as an economic stimulus. Higher taxes reduce disposable incomes, lower profits, encourage tax evasion and avoidance while removing incentives for capital investment and risk-taking.

They will further reduce, not increase, the amount of revenue available to our federal government at a time when the administration proposes several new federal spending programs.

The Clinton administration's economic program is a well-orchestrated plan that substitutes myth for reality in a highly charged political environment. For political purposes, the administration appears to be tinkering with a delicate economy it doesn't appear to understand.

The danger is that political tinkering and dependence on bogus logic could damage our nation's ability to compete effectively in a global economic environment.

Mr. PACKWOOD. I emphasize again that this article was written by the dean of the College of Business Administration at the University of Oregon.

In this tax bill—let us forget the income taxes for a moment—there is a dramatic increase in the tax on Social Security recipients. At the moment, the tax on them is 50 percent, or half of their Social Security is put into their income tax base. If they have other income of $25,000 as a single individual, or $32,000 as a married couple, the tax on their Social Security benefits is going to be increased to 85 percent, which is a big hit on a fair number of our elderly citizens.

Small business takes an extraordinary hit in this bill. The Joint Tax Committee did a study in 1992 of tax returns from 1989 and they discovered that 77 percent of the returns with adjusted gross income over $100,000 showed income or loss from sole proprietorships, partnerships, and what we call subchapter S corporations. They are small, usually family-owned corporations with 35 or less stockholders and their income is taxed like a sole proprietorship rather than a corporation.

Even if you eliminate from this 77-percent figure those returns that have passive losses or passive income, the study estimates that 60 percent of the taxpayers that are going to be hit by the proposed income tax increase are small business entrepreneurs.

The top rate for people that are making over $250,000 is going to be 43.7 percent. They own their small business. They have 20, 30, 40, 50 employees. Their top income tax rate is going to go to 39.6 percent. Add to that another 2.9 percent increase from the proposal that takes off the Medicare wage cap. As these people are paying both the employer and employee side of the

Medicare tax, eliminate the wage cap is another 2.9-percent raise.

Then, on the so-called Pease cutback of itemized deductions, these same people are precluded form deducting itemized deductions equal to 3 percent of their income over, roughly, $108,000. So they will have a 43.7 percent tax rate—just for Federal taxes. This does not count State income taxes. If you are from Oregon, Oregon has a high State income tax. The Senator from California is in the chair. California has a high State income tax. New York has a high income tax. If you are in New York City, you have a city and State income tax. In all of those areas, these business men and women are going to be paying over 50 percent of their income to the Federal and State governments, not counting gasoline taxes, excise taxes, or any other kind of business taxes. These are very high taxes.

So the President is saying to the American people, we are going to raise your taxes on your business, we are going to raise your taxes on you personally. We were going to raise your taxes on your energy and that would have been about 8 cents a gallon. Maybe we are still going to get a gasoline tax, I am not sure. At the same time we are saying we want you to hire more people.

What does Susan who owns the hardware store, or Jim, who owns the dairy, do? You raise their taxes. As far as Jim is concerned, if you raise the taxes on his milk delivery trucks and say, also, even though now you have less money, please hire more people and, by the way, while you are hiring more people very soon we may impose upon you a mandatory health insurance program which will cost you an additional 7 or 8 percent of your payroll, in addition to what you are now paying. Where is the incentive for Susan or Jim to hire any more people? Where is the money for Susan or Jim to hire any more people?

You have a marriage penalty provision in this bill. A marriage penalty is a simple thing to understand. You have two people who are single and they pay taxes. But if they get married they pay more taxes together than they would each pay individually if they were single. This bill has a dramatic, drastic marriage penalty in it. In fact, the proposed 39.6-percent income tax rate on income over $250,000 is the ultimate marriage penalty because you pay this top rate whether you are married or single.

So, for a whole variety of reasons, the bill as it came from the President was bad. The bill as it has come from the House of Representatives is bad. I fear the bill that will eventually come to the Senate floor will be bad. It will be bad for the creation of jobs, it will be unfair for senior citizens, it will be unfair for married couples of any age. And what do we hope to gain by increasing the taxes? More jobs?

Madam President, I simply ask, where on Earth do we think we are going to get small business entrepreneurs? They are the ones who have created the jobs; it is not General Motors, not General Electric. Big companies are downsizing and their employment is shrinking.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. PACKWOOD. May I have 1 additional minute?

Mr. WALLOP. Madam President, I yield 1 more minute to the Senator from Oregon.

Mr. PACKWOOD. I want to emphasize one more point as this bill came from the House. The income taxes on businesses and individuals are retroactive to January 1 of this year. The longer we go before we pass any bill, the bigger that retroactive hit is going to be when it comes. If anyone thinks that is going to help the economy, then they are dreaming or lost their bearings. When that tax hits and it is retroactive, our economy will not grow. Businesses will not be hiring more people.

I thank the Chair and I thank my friend from Wyoming.

Mr. WALLOP. Madam President, of the time reserved to me, I yield 6 minutes to the Senator from Washington.

The ACTING PRESIDENT pro tempore. The Senator from Washington is recognized for 6 minutes.

TAXES

Mr. GORTON. Madam President, on Monday of this week, the President, abandoning the Btu tax, and abandoning the details of the tax program to be passed by the Senate, stated that he hoped that any new proposal would be based on three criteria. I quote the President:

> I am interested in the principles of the program: deficit reduction, lower interest rates, and job growth.

Would that the President of the United States had, or advocated, a program which matched his rhetoric—would that it matched his rhetoric in any one of the three goals that he sets out. In fact, however, the program which is now before the Senate was destructive of all three goals. It will not permanently lower the budget deficit; it will not lower interest rates; and it clearly will not result in job growth.

The plan which the House of Representatives passed 2 weeks ago and sent to this body kills job growth through higher taxes, creates only a temporary reduction in the budget deficit—a budget deficit which by its own terms skyrockets beginning 4 or 5 years from now, and clearly would have resulted in higher interest rates by reason of continued growth of the deficit and the inflationary pressures created by massive new Government spending programs.

The problem with the House budget is that they do not cut spending first. They rely almost entirely on taxes. Almost entirely on taxes, one may say? No, is this not a relatively balanced program?

In fact, a review of the House budget shows that there is $35 billion in new taxes and user fees this year, the year about which we are debating, and $1.7 billion in spending cuts in fiscal year 1994. The ratio, therefore, for the first full year under this budget, is $20.68 in new taxes for every $1 in spending cuts.

To give the devil his due, we must admit that there are some few spending cuts at some point or another in this 5-year budget. Only $1 out of $8 in those spending cuts, however, comes before fiscal year 1996. So we are asking the American people to believe that we will make all those tough choices. There is no question but that Congress can be trusted. Just let us wait for 3 years and then some of these spending cuts may take place.

I have not noticed in the President's recent messages, or in those which accompanied the State of the Union Address, that one of the priorities of this budget was to delay all of the tough choices for the next 3 years. In fact, the President of the United States is entirely correct. We should pass a budget which lowers the deficit, which results in lower interest rates, and which most of all creates job growth.

How can we do that? We can do that by defeating the President's program on the floor of this Senate, sending it back to him, asking him to come up with a budget that meets his campaign promises and meets the promises of his Director of the Office of Management and Budget. That is to say a budget which has at least $2 and perhaps $3 in spending cuts for every $1 in tax increases. A budget like that will encourage job growth. A budget like that will lower the deficit. A budget like that will create the kind of confidence which will result in lower interest rates.

But to impose huge new income taxes, 70 percent of which will be earmarked to the very small businesses in this country which are the engine of job creation, cannot possibly result in an expanded economy. No economist has come up with a theory under which taxing the creation of new jobs is a job creator. It just does not work that way.

We should live up to our responsibilities. We should not tinker with this tax bill around the edges. We should reject it lock, stock, and barrel, and ask for a budget which meets the promises made to the people of the United States in August and September and October of last year. And, even more important, we should demand a budget that meets the desires of the people of the United States for a greater degree of freedom, less regulation, confidence in the ability of the private sector to create jobs, and its encouragement to do so by lower spending, not by higher taxes.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming.

Mr. WALLOP. Madam President, of the time reserved to me, I yield to the Senator from Idaho, 5 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Idaho is recognized for 5 minutes.

PROMISES MADE, PROMISES BROKEN

Mr. CRAIG. Madam President, I wish to thank my colleague from Wyoming for bringing about this special order in morning business to discuss issues that are so critical to us at this time.

Let me say at the outset that the American people ought to have a very small ceremony this morning celebrating a victory, a victory that they, by their insistence, have caused, as of the last day. I am saying that because it is now our belief that the White House has backed away from the Btu tax and largely that is because the American people in the last month have spoken out very clearly to this President saying, "President Clinton, no; we don't like your tax program and we want you to change it."

I say it should be but a small victory and a small celebration because even Leon Panetta, the Director of the Office of Management and Budget, yesterday said:

But rest assured, the President's bill and his economic plan is still 90 percent intact.

If it is, in fact, 90 percent intact, let me focus on the 90 percent that remains, because I agree with my colleagues from Oregon and Washington that the rest of the package well ought to be rejected, too, because 90 percent of it says several things to a lot of Americans across the spectrum.

For example, it says to the Social Security recipient who might be receiving $20,000 to $25,000 to $30,000, if they are a couple, "We are going to tax you. Even though you are on a fixed income, watch out; Bill Clinton is coming with his tax package. He wants some money from you." So to the seniors of this country, stay tuned; you were not included in the victory of yesterday.

To the middle-class truck driver; How about that individual, that blue-collar worker, whether he is a truck driver or traveling salesperson, an employee or a worker who finds, as a necessity of his employment, that he must eat away from home; we have recognized that that is part of their employment, and we have allowed that meal to be deducted—"You cannot celebrate today; you are not part of the victory of yesterday. Bill Clinton still wants to tax you, as do some of my colleagues on the other side of the aisle, as part of this economic tax package that we call a job creator. Let me suggest that you have not yet won."

What am I talking about? I am talking about middle-income Americans who in the last election were promised by this President that they would not feel the focus of his taxes; that he would not soak the middle class. And yet, clearly the tax that remains is directed at the middle class, as I have just explained, to those people who find themselves, as a necessity of their work, now being required to pay taxes on part of that from which they were once exempt.

Even with the rhetoric of yesterday, the energy package in this morning's Post that is still being talked about, as I calculate it for a family of four spread out over several years, is still going to be more than that $200 haircut that our President engaged himself in but a few weeks ago. So you see, the energy package, as it still remains, if they include it as a part of the overall tax package, is going to have a phenomenal impact right through the middle of our economy.

Now let us talk about the promise that remains, the promise that is now reality by a vote of the House a week and a half ago, now by this President still promising that he has to have enough taxes; that it is going to be a 4-to-1 or a 5-to-1 ratio. We can trust that will happen because that is what the other side of the aisle of this body is saying that they concur with, that kind of a taxing-cutting kind of ratio.

Let me look at 1982 and remind the American people that, in 1982, Democrats in Congress promised President Reagan $3 in spending cuts for every $1 of new revenue, and the President said OK. We called that the Tax Equity and Fiscal Responsibility Act, known as TEFRA.

The rest of the story is spending went up 8.4 percent, the deficit went up 6.2 percent, and the ratios and the promises to the American people were not followed. Now, that is 1982. In 1985, a similar promise: We need a few more taxes and for every dollar we raise, we are going to cut taxes by a substantial amount. Spending is up 4.6 percent, deficit up 4.2 percent, and taxes up an even greater amount.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. WALLOP. I yield 1 more minute.

Mr. CRAIG. Madam President, I thank my colleague.

That was the history of 1985; 1987 was similar. 1990, again, promises made, promises broken. Is it any wonder that our President at this time finds himself with a disapproval rating of well over 50 percent by the reaction of the American people?

I think, Mr. President, they are trying to send you a message. Mr. President, when you said you would focus on the economy like a laser beam, the American people were led to believe that that focus was on the deficit. Mr. President, would you please rephrase your statement? Your laser beam vision is clearly now focused not on the deficit of our Government, but on the pocketbook of the middle class of this country.

Taxpayers, watch out; the President still says he is focused like a laser beam, but on our pocketbook instead.

Mr. WALLOP addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming.

BURDEN ON SMALL BUSINESS

Mr. WALLOP. Madam President, it is welcome news that the Btu tax, a bad idea whose time has come and gone, has been abandoned by the President, a substitute for which we have no way of judging whether or not it is better and more fair. But at least the Btu tax has now been recognized for what it was: A serious degradation of America's ability to compete with its overseas competitors and in our own market at home, and a serious detriment to the growth engine of this economy.

But the Btu tax has absorbed so much of the country's attention that we have forgotten the incredible burden that is also contained in the President's economic package on small business. The President has called it in his book:

* * * putting people first; that "small businesses create most of the new jobs in this country and they need to flourish if we are all to prosper. America cannot afford another 4 years without a strategy to make our economy grow again."

All Americans agree with that; certainly all people in small business. Wyoming, per capita, is the largest small business State in America. But if you examine what happens to the small businessperson in this tax package, you cannot be but alarmed, both for the prospects of employment and the survival of small business.

What, in effect, has taken place is that the reward for risk has all been eliminated and the ability to sustain an economic equilibrium has positively been seriously degraded so that new hires are not likely to be on the minds of small businesses.

But the thing that most Americans do not realize, because the President has couched his statements in terms of class warfare—the rich, the greedy, the eighties, the last 12 years, the pain—is that 50 percent of the people who will pay higher individual taxes at the new 36-percent tax rate are small businesses who do not consider themselves among America's rich. What they have maybe are very high gross incomes upon which the taxes are levied, and very small net take-home pay.

In addition, two-thirds of all the taxpayers who will pay Bill Clinton's 10-percent supertax are small business owners who happen to have business earnings over $250,000. But guess what, Madam President? These small business men and women of America will be paying a substantially higher marginal tax rate than will General Motors, General Electric, and many of the major corporations of America.

Madam President, I would also like to focus on another issue that has not been much noted in the furor and focus over the Btu tax. The administration has added fuel to the fire with a little known compliance provision that could sink America's small businesses in a blizzard of paper. It could require two or three rain forests a year to supply the paper for the new administrative requirements that would be necessitated by this provision.

I am talking about a very innocent sounding provision called the service industry noncompliance initiative or, as we always do in Washington, to give it an acronym, SINC. I do not know whether most Americans would relate it to the bathroom sink, into which we ought to let this drain, or sink in terms of the acknowledgment that this is what is going to happen to all American small business, or sync in the more benign sense that we are in sync as a nation. The last is clearly not the case.

SINC is supposed to help track down companies that do not file their tax returns. Wonderful. Innocent. Who can argue? But SINC is an attempt by the Government to shift the burden of collecting taxes from the Internal Revenue Service to the private sector. It would, in effect, deputize small businesses to collect, to prepare, and to file information returns.

Under current law, business owners who make payments of more than $600 per year to an individual or other unincorporated entity in exchange for services must file a form 1099 with the IRS to report the amount paid. The individual could be your lawyer, or your accountant, or some similar type of person.

Until now, payments to corporations have been exempt. But the administration thought by requiring 1099's for corporations who perform services it would raise $6 billion. The Joint Committee on Taxation says it will only raise $423 million—a big discrepancy, Madam President. It is likely to raise even less since it will more than double or triple existing paperwork for the average small business owner and could increase paperwork for large corporations by tenfold. And to what end? The IRS does not have the computing capacity to match these forms. It is an attempt to intimidate small businesses and other businesses themselves into doing the IRS' work for them. But what it does is cost, cost, cost in compliance, and cost, cost, cost in terms of the Internal Revenue Service trying to collect the revenues of the country. There has to be something better than this absurd proposal.

let me give you an example of its absurdity. The law would be changed to require reporting of "Corporate service providers," but, Madam President, nowhere is there a clear definition of a "service." Consider the airline industry. They provide a service. They transport you from this place to that place, and you do not have anything but a ticket stub in your pocket, so you have not bought an item; you have bought a service. Under this proposal, every single time a small business owner uses an airline and pays more than $600 per year to that air carrier, they need to process and send to the air carrier a form 1099. And virtually every business in America would do the same thing.

What if you are a large corporation? Or, a large law firm with employees that have to do a lot of travel. You would have to go back through all the expense reports and get copies of individual receipts in order to know who traveled, on which airlines, how many times and for how much, and then file a 1099.

Now, what are the airlines supposed to do with millions upon millions of information returns? I doubt there has been any question about the airlines filing their tax returns. Nobody supposes that American Airlines does not file a tax return. But here we are, they are going to pile the paperwork on them and their customers.

Small businesses will have to keep elaborate books to be able to distinguish services from other types of payments and, according to IRS procedures, if they file a few hundred 1099's a year they have to buy a computer in order to send the information on magnetic tape to the IRS. Here is your Government telling you what to buy in your office, whether or not you feel it is in the best interests of your business.

Madam President, we have smothered small businesses with new mandated costs in this Congress. Oh, what noble things we in Congress say to the people in America but never realize that the people in America are the ones who have to live with these consequences.

We have Family Leave, the Americans With Disabilities Act and the Clean Air Act, to name a few. But now we are seeking to add huge regulatory and paperwork burdens in addition to taxes retroactive to the first of the year on people who do not and cannot consider themselves rich or wealthy. We have, with this President, found a way to indulge in the politics of envy and the politics of blame. We have segmented ourselves into so many people who are the villains. The President has segmented us. There are the lobbyists. There are the special interests.

Incidentally, the special interests and the lobbyists are being dinged pretty hard for a party on June 28 by the very people who complain about them. But nonetheless, we are dinging Americans thinking they are villains. Instead of giving us purpose, the President is giving us a sense of frustration and desire for revenge. But who are we taking this revenge upon? It is the small businesses with supertaxes beyond their dreams, with a retroactive provision which will kill them when they discover it, and many, many small businesses will sink under a tax burden they did not know they owed.

So, Madam President, we should take a very close look at the economic proposal as it lays in front of us. It is not economics for prosperity. It is economics for despair, and it will not cause the growth of jobs in this country.

Madam President, I yield 5 minutes to the Senator from Oklahoma.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma is recognized for 5 minutes.

AN ASSAULT ON SMALL BUSINESS

Mr. NICKLES. Madam President, I wish to thank and compliment my friend, the Senator from Wyoming [Mr. WALLOP] for his excellent statement. I am going to speak in defense of small business, and I hope my colleague will listen because I happen to agree with him 100 percent.

I believe that the House-reported bill is an assault on small business, and I believe the package that is now being formulated will not help the economy. It will hurt the economy. It may suffocate the economy, which is somewhat stagnant at the time. We should not do that. We need deficit reduction, but I happen to believe we strongly need it through spending reductions, not tax increases.

I have heard some people say this is a balanced package, that it has almost as much in spending cuts as it has in tax increases. Madam President, those are not the facts. The House-passed reconciliation package has gross new taxes of $329 billion. You usually hear figures of about $250 billion. But the total in new gross taxes is $329 billion.

Now, they have some tax cuts, totaling about $54 billion. The biggest part of that is earned income tax credits. I do not even think we should call those tax cuts. They are for some individuals, but for lower income people we are actually writing them a check. I consider that spending. If the Federal Government is going to write somebody a check, I would categorize that as spending.

It also has $16 billion of fees. But giving credit for all those tax cuts, the $54 billion, and then adding the fees, you come up with at least net new taxes and fees of $291 billion.

Now, the House-reported reconciliation package has spending cuts of $46 billion. If you take the $291 billion in new taxes and fees and divide that by 46, you will realize that we have $6.35 in new taxes for every dollar of spending cuts.

Now, that is not a balanced package. That is a package which is an assault on the taxpayer. What will it do to the economy? It is going to put a lot of people out of work. How can you really encourage the economy to grow and build and expand if you have increases in corporate taxes, increases in personal income taxes? A lot of those personal income taxes are on individuals that own or operate businesses, subchapter S corporations. If as an individual they have an income of $115,000, they have an increase in their income tax of 25 percent.

If they are a subchapter S, and they have an income above $250,000 they have a marginal income tax rate increase of 37 percent, because the rate goes from 31 to 36 percent. If there is a 10-percent surcharge on top of that,

that is 39.6 percent. They have to pay the FICA tax, 1.45 percent on individuals matched by employers at 2.9 on top of the 39.6, and that is 42.5 percent.

That is a 37-percent increase on a lot of self-employed or people who have subchapter S corporations. That means they are going to be taxed at a higher rate than General Motors or any other large corporation.

In many cases, those are small businesses that are growing, building and expanding. We are going to sock it to them with a marginal rate of 42.5 percent. By the time you add your State tax, the city tax, whether taxed at over 50 percent—in other words, Government is going to make more money out of any additional money that they would generate from that company than they would. That is a real incentive not to produce, not to build, not to expand.

Do they lose? No, they are making enough money where they will be able to live comfortably. Who really loses is the fact that that plant or that operation will not build and will not expand and therefore some people will lose jobs.

Madam President, how did we get into this disparity between the amount of money in taxes versus the spending cuts? Some people are counting spending cuts like a tax on Social Security, increasing the tax on Social Security, on senior citizens who make over $32,000. That is for a couple. This tax plan raises their tax from 50 to 85 percent. That actually raises taxes on the $32,000, but some people call that a spending cut.

Then, yes, some people call the new fees, fees on using national parks, and other things—that raises about $16 to $18 billion—they count that as a spending cut. It is not. It is a fee increase. It is a tax increase.

Taxing more Social Security income, that is a tax increase.

So I just make these points. I hope people will realize that there are different numbers floating around. I would like to get the facts out.

So what we need to do, Madam President, is, one, get the facts out; have people look at the facts. Then let us debate them. If the majority is able to win, if they win on the facts, and they tell the American people what is in the bill, and they can get the votes, so be it. At least we are going to try. But I think it is important that we have the facts.

People need to know that in the House-passed bill in 1994 there are $20 in taxes for every $1 of spending cuts; people need to know that in 1995 there is $9.70 in tax increases for every $1 of spending cuts; they need to know that in 1996, there is $6.47 in tax increases for every $1 of spending cuts.

As a matter of fact, most of the spending cuts do not come until after the Presidential election in 1996. Some of the tax increases are retroactive back to January 1 of this year. Under the proposal that passed the House, Uncle Sam is already reaching into your back pocket for money that you have already earned. I do not think that is fair. I have heard some of my colleagues even on the other side say they would hopefully fix that problem. It needs to be fixed. It is not fair. Their package is not fair. It is not balanced.

Madam President, I ask unanimous consent that two tables be printed in the RECORD. They are entitled: "Reconciliation Ratios," and "$6.35 in New Taxes for Every $1 of Spending Cuts."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RECONCILIATION RATIOS

[House-reported bill, dollars in billions]

	1994	1995	1996	1997	1998	1994–98
Spending reductions	−1.7	−4.5	−9.1	−14.0	−16.6	−45.8
User fees	2.3	2.6	3.9	3.3	3.4	15.5
Revenue increases	32.7	41.6	54.8	73.8	72.6	275.5
Ratio of taxes and user fees to spending cuts	20.68 to 1	9.77 to 1	6.47 to 1	5.52 to 1	4.58 to 1	6.35 to 1

Note.—Based on CBO/JCT estimates.

$6.35 in new taxes for every $1 of spending cuts [1]

House budget reconciliation:	*1994–1998*
Gross new taxes	329
Tax cuts	(54)
User fees	16
Net new taxes and fees	291
Extension of current law [2]	27
New spending cuts	19
Total spending cuts	46
Total new taxes, fees and spending cuts	337

[1] Net new taxes and fees of $291 billion/net spending cuts of $46 billion = $6.35.

[2] "Baseline budgeting" allows Congress to take credit for "cutting spending" by simply extending current law provisions which are scheduled to expire.

Source.—Senate Budget Committee Minority analysis of CBO/JCT estimates.

Mr. NICKLES. I thank my friend and colleague from Wyoming.

Mr. WALLOP addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming is recognized.

Mr. WALLOP. Madam President, I will conclude by trying to show the Senate a small table called the taxation of small business under the Clinton tax plan.

Over here are the large corporations of America, at 34 percent, with their current and proposed tax rates. Over here are the sole-proprietor small-business owners and subchapter S corporations. These are America's small businessmen. They pay 31 percent, the current rate, the new top marginal rate is 36 percent, already higher than the corporate rate individuals. Then they pay the millionaires' super tax, which brings them up to 39.6 percent. Then they pay the self-employment HI tax. And the Pep and the Pease taxes brings them up to 44.5 percent. That is before they pay a dime in State taxes.

It does not take a rocket scientist to understand that small business is at the point of make or break. The President has recognized more than once, that small businesses are the engine of growth. But he taxes them under his rhetoric of the rich and the increased tax rate proposals that he has laid down.

My friends in Sheridan, WY who own shoe shops, sporting goods stores, drugstores, are going to be startled to find themselves included in the enemies list, the rich. Madam President, they are not the rich. They are people struggling to survive and maintain a living in a small town in northern Wyoming. And it is the same all over America.

These tax proposals kill small business, and the fact of it is that when small businesses begin to fail and when small businesses begin to shed employees or refuse to add employees, these taxes, like the luxury tax on boats and other things, will begin to cause America to reflect. That is the point we are all trying to make here today. Not only will these tax proposals wreck the hopes and dreams of millions of Americans who have set out on their own and taken the risk of establishing businesses, but they will not generate the revenue.

All over, Americans are absolutely convinced of the necessity of dealing with the deficit. The President has persuaded them of that. Ross Perot persuaded them of that. The campaign persuaded them of that. But they do not see it happening with $6 in new taxes for every $1 in spending cuts.

Madam President, this is an unfair switch in a bait-and-switch. The promise was good, but the product cannot be relied upon. We must take this package back to the machine shop and re-establish the promise. The promise was that there would be more savings than there were tax increases. The promise was that we would set ourselves on a schedule.

Using the President's and not the Republican's, own figures, after the fourth year of this plan the deficit begins to rise again dramatically. That will come after we have established new spending, after we have milked the defense cow dry, after we have raised taxes more than any other time in the history of our country, and before we have even gotten to health care taxes.

The Los Angeles Times last week said that there would be a 12-percent payroll tax. Madam President, where are these funds going to come from? Who will be able to employ people under those circumstances? Let us take it back. Let us go in together and do what the American people were promised in the campaign.

Madam President, I yield the remainder of our time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LEAHY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LEAHY. Madam President, is there a restriction on the amount of time that Senators may speak in morning business?

The ACTING PRESIDENT pro tempore. The Senators have 5 minutes each.

Mr. LEAHY. Since I see nobody else on the floor seeking recognition, I ask unanimous consent that I be allowed to proceed for 12 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

FOREIGN AID

Mr. LEAHY. Madam President, I want to speak in continuation of a number of speeches I have given on the subject of foreign aid.

In March, I spoke again on this floor about the urgency and importance of the West, led by the United States, in helping democratic forces in Russia as they struggle to build a new society. In those remarks, once more, I urged the President to seize the initiative, to launch a bold Western effort to send a message of hope to the Russian people, and to its leaders, who are struggling to overcome the ugly legacy of communism.

Since then, several important things have happened. In April, President Clinton met President Yeltsin in Vancouver. He announced the restructuring of the existing aid program to make it more timely and effective. He included in that package a special food aid program that I advocated to replace the unworkable Commodity Credit Corporation loan guarantees, which made available $700 million in agricultural credit to restore Russia's access to U.S. agricultural markets for grains and other commodities.

Later that same month, the group of seven nations that met in Tokyo pledged $28 billion in new economic assistance to Russia.

(Mr. CAMPBELL assumed the chair.)

Mr. LEAHY. Mr. President, the direct United States share of that is $1.8 billion over and above our regular contributions to the World Bank and the IMF, some of which will be used to finance economic restructuring in Russia.

Shortly after the Tokyo meeting there was a referendum in Russia essentially on the question whether Russia should continue on the path of economic and political reform. Despite great suffering and widespread disappointment at the slow results of reform so far, the Russian people courageously said "yes" to going ahead. They said they want to build a free, open, democratic nation on the ruins of the Communist past, even at the cost of more pain and suffering.

Thanks to the courage of the Russian people, and the determination of President Yeltsin and the democratic forces, reform continues today in Russia. There is real hope for a better future. But the forces of ultranationalism, xenophobia, and fear remain powerful. Every day the reformers are challenged by those who want to cling to their privileges inherited from the Communist system. Great Russian chauvinists press for a recreation of the Soviet empire. Anti-Westerners decry the cultural, political, and economic influence of the West.

The tide is turning toward those who want a modern, outward-looking, and free Russia, but the battle is far from over. Reform may be irreversible, as many claim, but how quickly it comes, and how deeply it penetrates Russian society still depends on the outcome of this struggle between the democratic forces and the forces of reaction.

The importance of a dramatic U.S. aid package is even greater than ever. We have promised help, real help that reaches the people that are truly in need. Should we and our allies and friends, and the multilateral financial institutions, fail to carry out our promises—as many participants did after the 1991 Washington pledging conference—it would send a disastrous message to President Yeltsin, the democratic reformers, and the Russian people. Once again, the West would have promised much and delivered little. Once again, we would have said the check is in the mail but never arrived. We simply cannot afford to do that again. The risks to the hopes for a democratic Russia, with a free enterprise economy oriented toward the West, are too high. Our own national security and economic interests are too directly at stake to fail again to give effective leadership.

As chairman of the Foreign Operations Subcommittee, no one knows better than I the difficulties in honoring President Clinton's commitments of additional aid to Russia. Even though I strongly urged our President to take this bold step, it still is going to be very hard to find the money to fund the $1.8 billion commitment the United States has made. And, we must find that money on top of the $704 million already requested for Russia in the fiscal 1994 foreign aid program.

Frankly, Mr. President, the money today is not in the budget. I support what President Clinton has done, but I have to be very honest with my colleagues. Today at least the money is not there to carry out the promise. So we have to find a way to carry out that promise.

This means cuts in other areas. In the bill reported by the House Foreign Operations Subcommittee we already have a signal of how deep those cuts must be. The bill now moving through the House is complex. It consists of a fiscal 1993 supplemental for Russia, using available fiscal 1993 funds, and the regular fiscal 1994 foreign aid appropriation. They are actually joined together in one legislative package. When the House completes its action, we will study that bill carefully. Adjustments in the Senate may well be necessary. But the structure of the bill will enable the Senate to deal with one foreign aid package which incorporates both the special Russia aid program and the regular foreign aid budget. That is an approach I strongly recommended to President Clinton, and I joined with my distinguished colleague in the House, Mr. OBEY, in thinking that this is the best way to do it.

Mr. President, whatever the difficulties, or how much we have to cut other areas of foreign aid, how much we may have to cut other recipients of foreign aid, I do not waver one iota in my conviction, repeatedly stated on this floor, that our overriding foreign policy priority is to help Russia successfully transform itself into a democracy. I do not intend to bring to the floor of the Senate a foreign aid bill unless it has as its number one priority efforts to bring Russia to a democracy and to a market economy. That has to be the No. 1 priority of the United States in our foreign aid bill. The collapse of the Soviet Union meant the end of the cold war, something that greatly enhances the security of every American.

Let me tell you what the stakes are to the United States and why I can confidently say there will be no item, no item whatsoever in our foreign aid bill as important as what we do with Russia. Most of us have lived a good part of our lives with the threat from the Soviet Union, a threat manifested in the cold war. That has been the thing that has driven the security interests of the United States for most of my lifetime.

The collapse of the Soviet Union meant the end of the cold war. But there is no guarantee, short of Russia becoming a democracy, that the threat to humanity posed by its 20,000 nuclear weapons has been brought under control. Nor does it rule out renewed tension between an embittered Russia in which the democratic experiment failed, and a fearful West once again rearming.

I have already had a number of discussions with the President, Secretary

As a member of the staff of the Republican Conference, he sent a weekly report on Capitol Hill events to Hispanic radio and television stations. He also prepared a Spanish language voice mail system for reporters to keep up with news events in Washington. In addition, he regularly translated correspondence for Republican Senators' offices.

There are at least 22 newspapers which regularly feature his articles and news translations, and his broadcasts are picked up by more than 300 radio and television stations across the country. His voice has become one of the most recognized in the Hispanic news media.

Mr. Gonzales is moving with his family to Maine, where he can spend more time with his children who are attending school in New England. On behalf of the entire conference staff, I wish him and his family all the best in Maine and thank him for his excellent work.

IRRESPONSIBLE CONGRESS? HERE IS TODAY'S BOXSCORE

Mr. HELMS. Mr. President, as anyone even remotely familiar with the U.S. Constitution knows, no President can spend a dime of Federal tax money that has not first been approved by Congress, both the House of Representatives and the U.S. Senate.

So when you hear a politician or an editor or a commentator declare that "Reagan ran up the Federal debt" or that "Bush ran it up," bear in mind that it was, and is, the constitutional duty of Congress to control Federal spending. Congress has failed miserably for about 50 years.

The fiscal irresponsibility of Congress has created a Federal debt which stood at $4,303,726,252,363.71 as of the close of business on Tuesday, June 8, 1993. Averaged out, every man, woman, and child in America owes a share of this massive debt, and that per capita share is $16,755.21.

GEOFF HOOPER, NATIONAL SPELLING BEE CHAMPION

Mr. SASSER. Mr. President, I rise today in recognition of an achievement attained by a middle school student in Bartlett, TN, Geoff Hooper.

Geoff recently won the National Spelling Bee here in Washington, beating out 234 regional champions.

Geoff is the first spelling bee champion representing the Memphis area to win the national championship title since 1951. He is not only a winning speller, but he is also a member of a championship soccer team, his school band, and the honor society at the Shadowlawn Middle School in Arlington, TN.

In winning the championship, Geoff conquered intimidating words such as ankh and oleander to move into the final rounds. He captured the championship by correctly spelling enchilada and kamikaze in the final round.

I want to congratulate Geoff on his winning effort, and I want to encourage him to continue his competitive spirit. It will surely lead him toward greater success in life.

CLINTON TAX PLAN IS PARALYZING JOB CREATION

Mr. DOLE. Mr. President, 1993 should be the year of the taxpayer. Unfortunately, if President Clinton's massive tax plan becomes law, the taxpayers will be in big, big trouble as 1993 becomes the year of the big, big tax increase.

It is no wonder that businesses are scared to death about the future, what with the daily tax offensive from the While House. Every day there seems to be some idea to tax businesses or sock them with job-killing mandates. That is why businesses are reluctant—even adamant—about not wanting to create any new jobs or take any investment risks because, if they do, they may pay a terrible price.

This is not just BOB DOLE's view. It is the view expressed in countless news articles focusing on the ongoing job paralysis across the country.

The latest is an article in USA Today detailing the anxiety American businesses are feeling as President Clinton pushes his huge tax increase plan on Capitol Hill.

I just happen to have a copy which I will put in the RECORD later, but aptly the story is titled "Companies Are Scared of Hiring." They are not hiring. They are scared to death. They know this big tax package is coming. Whatever people may call it, it is going to be a big, big tax package. They are scared of hiring. And reporter Beth Belton details the flat national employment picture and then underscores the reasons why employers are holding back: Uncertainty about President Clinton's tax plan, uncertainty about the impact of his health care plan on their bottom-line costs, and continuing uncertainty about the economy.

Let me quote one important conclusion from this USA Today report:

> 27 months after the last recession ended, companies are still trying to avoid hiring more workers even if their business picks up.

Now, something is definitely wrong when employers are sending out that kind of distress signal. The reason is business men and women are waiting for the right signal from Washington, waiting for Congress and the White House to finally tune into the real world where spending cuts and fewer mandates are the best medicine for a healthy job market. It is a Main Street message that is telling us that big taxes, big Government, and big mandates will only continue to destroy the confidence of the free enterprise system. Keeping the world's greatest job producing machine in neutral is not the way to go.

Let us hope the administration and the Congress finally get the message. So I say to President Clinton and to my colleagues on both sides of the aisle, it is not too late to start over.

In fact, I think it is about time we started over. Let us scrap this job killing tax plan and let us put something together that cuts spending first.

Again, wherever you go in America, whoever you talk to—Independents, Democrats, or Republicans—they know that the Government is too big, that we spend too much money, too much on Congress, too much on the White House, too much everywhere, and they do not understand why we do not cut spending first and why we are always so anxious to raise taxes on everybody in America.

I am always reminded. They say, "Well, 70 percent of the taxes are going to be paid by the 'rich.'" If that is the case, that leaves about $90 to $100 billion to be paid by the poor. I do not think everybody in America is rich. They are going to be fewer than that in that category after this big tax plan goes into effect, which means fewer jobs, fewer opportunities for Americans who are trying to make it in the private sector.

Mr. President, I hope my colleagues will carefully read this cover story. It is a cover story, not an article, a cover story. Again, it is not some Republican doctrine. It says the "Companies Are Scared of Hiring." That is what the title is. It ought to be read by everybody. I hope the President has had a chance to read it. I hope his new communications or general counsel, David Gergen, has an opportunity to read it. The companies are scared.

I just left a meeting of businessmen and businesswomen. They are not doing anything until they find out what the bill is going to be for this big tax package, plus what it is going to be for the big health care package.

Let us face it. If we want to get the American economy going, we have to work together on a bipartisan, nonpartisan basis to cut spending first. That is the message.

Mr. President, I ask unanimous consent that the article entitled "Companies Are Scared of Hiring" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From USA Today, June 10, 1993]

COMPANIES ARE SCARED OF HIRING

(By Beth Belton)

Craig Benson's story should inspire hope among the unemployed.

Ironically, it won't.

His company, Cabletron, has added 800 workers since May 1992—bringing employment to 2,800. And the Rochester, N.H.-based company might add another 800 jobs the next 12 months.

But Cabletron is prospering because other companies buy its computer networks so they can replace workers or boost production without hiring anyone. "Downsizing helps us," Benson, the company's chairman, admits.

Cabletron's success story underscores the No. 1 problem facing the economy: 27 months after the last recession ended, companies are still trying to avoid hiring more workers, even if their business picks up. And that's keeping the nation's unemployment rate relatively high as the economic recovery chugs through its third year.

But are times really that bad when the unemployment rate is 6.9%? In the early and mid-1980s, the jobless rate was stuck at 7% or much higher for 68 consecutive months—from May 1980 through December 1985. Unemployment was high even after the economy had emerged from recession and begun to grow rapidly.

The unemployment rate peaked at 10.8% in 1982. The high this decade: 7.7% in June 1992.

The economy boomed after the 1973-75 and 1980-82 recessions largely because the downturns had been so wrenching. There was a lot of lost ground to regain. The eight-month recession of 1990-91 was shallow, so it's not surprising that growth since then has been sluggish.

A strong case can even be made that a slow recovery and modest job growth are good for the economy. Inflation should stay low. And low inflation should mean the Federal Reserve won't push up short-term interest rates and bond traders won't push up long-term rates. Low interest rates help spur economic growth by encouraging consumers and businesses to borrow and then spend. So chances are low that another recession will soon drive unemployment sharply higher. In four or five years, employers and employees alike may look back on 1992 and 1993 as good years that started a healthy run in which unemployment steadily edged down as economic growth chugged along at a slow but steady pace.

The only problem with that argument is that as long as the economy doesn't churn out jobs rapidly, as in previous recoveries, people without jobs suffer longer.

Last week's government report that the unemployment rate fell to 6.9% in May—lowest since November 1991—was encouraging. A total of 209,000 jobs were added to payrolls in May—a third more than economists had expected. And the Labor Department boosted its estimate of April's job growth to 216,000 from an initial estimate of 119,000.

But few economists think the job drought has ended. Selected newsmakers this week: Tenneco plans to slash 1,000 jobs in its East Coast shipbuilding division. Deluxe, a Minnesota check-printing company, lays off 500 workers. Paramount Communications says job losses will follow the closing of three Midwest printing sites.

Other signs of sluggish job growth:

The economy finally has recovered the 1.3 million jobs lost during the recession that ended in March 1991. But getting employment back to where it stood before the recession began in July 1990 took 25 months. The previous five recoveries, it took an average of nine months.

Three-fourths of the people who said they landed a job last month reported they were working part time—many because they couldn't find full-time work, not because they wanted to work part time. In the past year, 15% of jobs added to payrolls have been at restaurants, and most of the jobs were low-paying and part time.

The outlook isn't encouraging, either. Dun & Bradstreet's annual survey of 5,000 companies predicts 2.1 million jobs will be created this year—a modest gain of 175,000 jobs a month.

"That's not a fantastic employment gain," Joseph Duncan, D&B economist, says. And the forecast might be overly optimistic. Last year, D&B's survey estimated that the economy would add 1.9 million jobs in 1992. The actual figure: 1.6 million.

Even employers who say business is strong are cautious about adding workers this year.

Demand has picked up enough for Hiwasse Manufacturing in Jacksonville, Ark., to begin hiring again, President J. Richard Derickson says. During the recession, the manufacturer of decorative trim for appliances cut its workforce to 43 employees from 50. After the recession ended, business remained sluggish. Hiwasse workers' hours were cut to an average 32 hours a week from 40.

But the lowest mortgage rates in longer than 20 years helped rejuvenate the housing market, and Hiwasse's business is booming as appliance makers work hard to meet rising demand from home builders and home buyers. Derickson added five jobs this year—part-timers who gradually worked up to full time—and has employees working at least 40 hours a week as well as some overtime.

Still, Derickson says, "I'm keeping my fingers crossed. Quite honestly, there are a lot of impediments to adding workers."

Tops among those impediments is uncertainty about the economy. Gross-domestic-product growth slowed to a disappointing 0.9% annual rate last quarter after bustling along at a 4.7% pace in the fourth quarter of 1992. Most economists expect a modest rebound this quarter, to a 2.5% or 3% annual rate, but many executives say they want proof that the economy is that healthy before they start hiring.

Also high on the list of obstacles to job growth is health care. These days, a new worker's benefits easily can equal 40% of his or her salary. Small businesses in particular are worried about President Clinton's health-care-reform plans and what that may mean for their costs.

Third on many employers' lists of worries: what kind of economic package the Clinton administration will get through Congress and whether employers will be slapped with higher taxes and new regulations to pay for it.

Other factors offsetting the job growth that is occurring: Defense-spending cuts and weak economies overseas are cutting into growth of U.S. exports, which in recent years had been a key source of strength for the economy.

Employers and economists agree that, while the economy may not be in desperate shape, there's little reason to think employment growth will accelerate soon. And while slow growth may not trouble the 93% who have jobs, it's devastating to the 8.9 million people who are unemployed.

Too many people, says Robert Brusca, chief economist at Nikko Securities International, are "unsatisfied, disappointed and without jobs."

TRIBUTE TO MRS. LANIE J. COLEMAN

Mr. THURMOND. Mr. President, I rise today to offer my warm congratulations to Mrs. Lanie J. Coleman, of Aiken, SC, who celebrated her 100th birthday on June 5, 1993. Mrs. Coleman is an outstanding lady, who taught for 35 years in the public school system in South Carolina.

Mrs. Coleman's influence has touched the lives of several generations of young people in Aiken, through both her teaching and her involvement with her church, Friendship Baptist of Aiken. A member of the Missionary Society, she taught Sunday school for 52 years and founded the first Junior Mission Society in Aiken. She also served as superintendent of Friendship Baptist's Vacation Bible School for 22 years.

Mrs. Coleman is a former vice president of Church Women United, and currently serves as the vice president of the Aiken County District of the Woman's Baptist Convention. Mr. President, Mrs. Coleman's life has been a witness to her faith and devotion to serving others. I join her family and friends in commending her for all her good work, and wishing her health and happiness in the future.

JOHN LeCLAIR, VERMONT'S HOCKEY HERO

Mr. LEAHY. Mr. President, if you have been following the Stanley Cup hockey championship match between Montreal and Los Angeles, you know of John LeClair. And while you may have admired the skating and scoring ability of Mr. LeClair, there is another reason why this member of the world champion Canadian team holds a special place in the hearts of Vermonters. He is one of us.

A native of St. Albans, John is the first Vermonter to play in the National Hockey League. In his first season of play, John has become one of the National Hockey League's premier scorers, climaxing his rookie year by scoring sudden death, overtime goals in consecutive games to gain a permanent place in the proud history of hockey's most successful franchise.

Many Vermonters only dream of playing hockey at the Forum where skaters like Guy Lafleur, Ken Dryden, Larry Robinson, and Maurice Richard performed and thrilled generations of fans from both sides of the boarder.

Mr. LeClair is a role model for today's youngsters—both on and off the ice.

His mother, Beverly, is a nurse at Northwest Medical Center in St. Albans. Robert, his father, is a store manager in the same lovely city by the shore of Lake Champlain—hockey country in the northwest corner of our State—hard against the Canadian boarder.

John led Bellows Free Academy in St. Albans to the State hockey championship, and played college hockey on the University of Vermont varsity team, where the won ECAC honors.

We're very proud of this native son who has brought a title to Montreal—but so much more to his neighbors and friends in Franklin County.

Mr. President, I request that two articles that appeared in the Burlington Free Press on June 1 and June 9, 1993, be reprinted in the CONGRESSIONAL RECORD to commemorate this very proud moment in Vermont sports history.

There being no objection, the articles were ordered to be printed in the RECORD, as follows: